

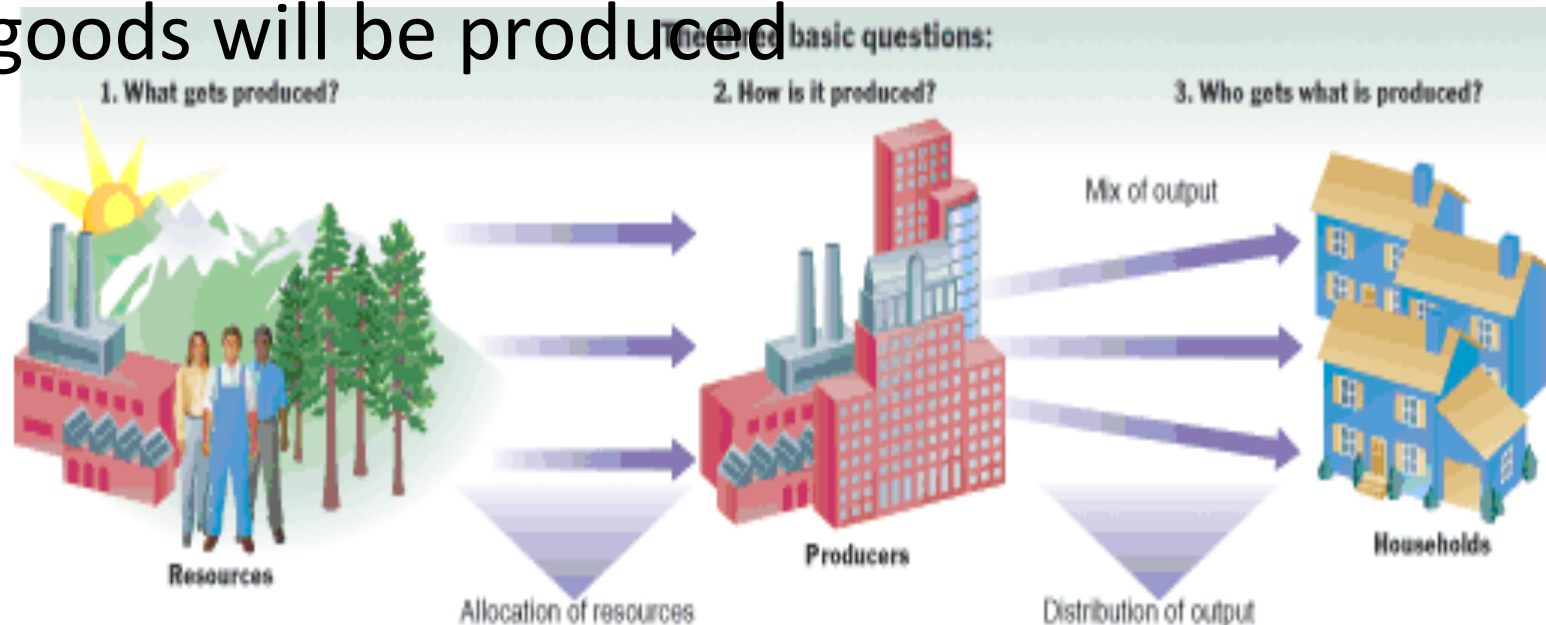
Economic Questions/Systems

DO NOW 1/13

- Since only people can exhibit entrepreneurship, why isn't entrepreneurship considered a kind of labor? In short why are there not only three resources; land, labor, and capital?

Three Economic Questions

Goods are produced in our society everyday – such things as TV's, Laptops, furniture, tractors, shoes, and so on. Who or what do you think decides what quantities of these goods will be produced



First Basic Economic Question

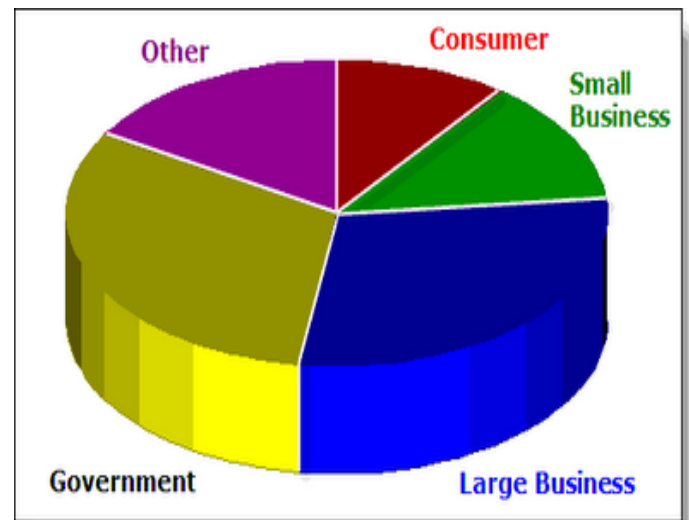
- What to produce?
 - I pads vs. I phones
 - Military Weapons vs. health care goods

Second Basic Economic Question

- How to produce?
 - Produce electricity from oil, solar power, or nuclear power

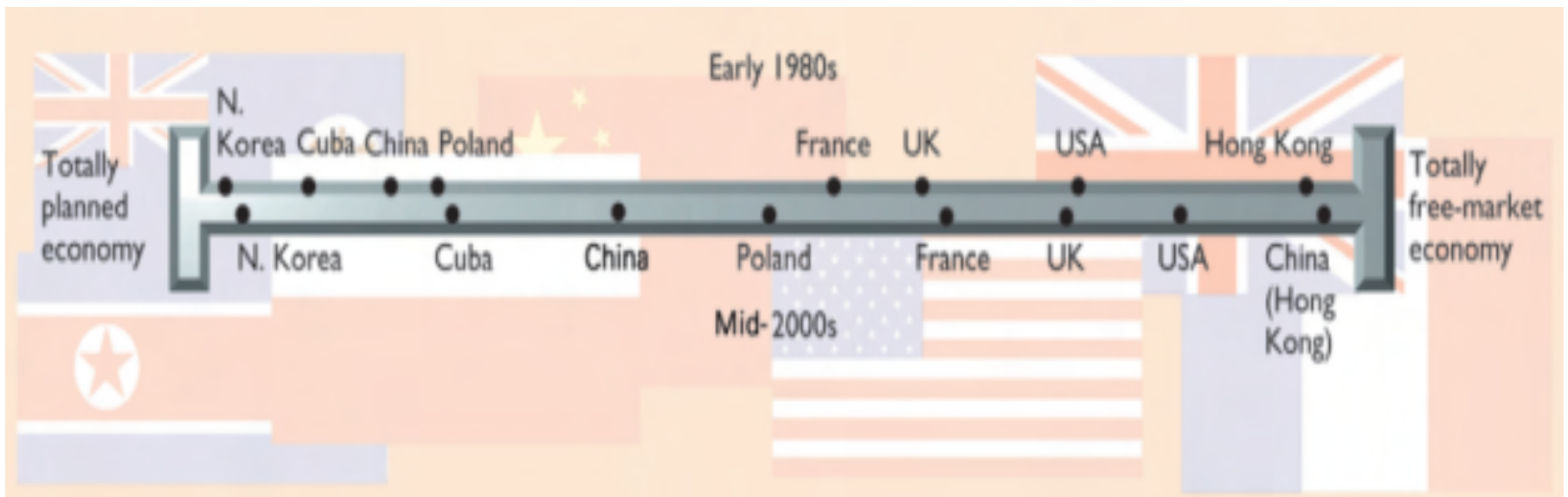
Third Basic Economic Question

- For whom to produce?
 - How is the economic pie divided?
 - In free market price decides who gets what. “The more you make the more you can have”



Economic System

–method used to answer the What, How, and for whom questions.



Types of Economic Systems

- **Free Market:** individuals own most, if not all, the resources and control their use. Government plays a very small role in the economy
- Sometimes called:
 - Free enterprise
 - capitalism

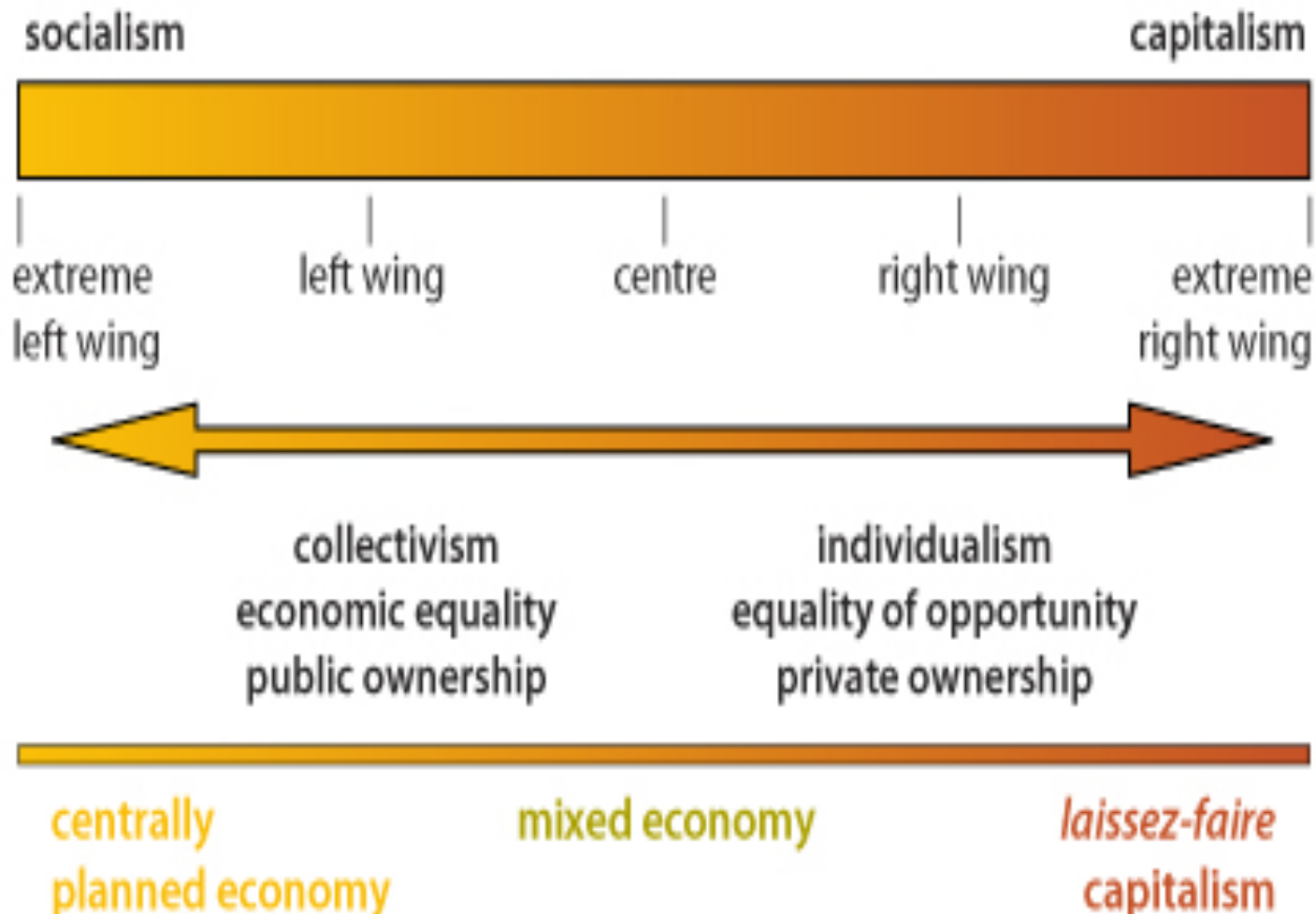
Types of Economic Systems

- **Socialism:** government owns and controls many of the resources. Government plays a major role in the economy
- Sometimes called:
 - Command Economy
- They would create an **economic plan**
 - *ie: produce more manufactured goods and less agricultural goods*

Types of Economic Systems

- **Mixed Economy:** has features of both free market and socialism.
 - In reality most economies are a mix of both

Economic Spectrum



Exit Question:

- What are the three basic economic questions every society must answer?
- “The U.S. Economy is a pure free-market economy.” Do you agree or disagree? explain.
- If most economies of the world are mixed economies, does it follow that most economies of the world are the same? Explain your answer.